# UK Labour and the EU Single Market: 'Social Europe' or 'Capitalist Club'?

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**Abstract**
This article looks at the UK Labour Party's view of the EU single market over the last four decades, focussing on three case study periods when this issue was particularly salient: first, the time of the single market's introduction under Neil Kinnock's leadership; second, the A8 accession with Tony Blair as Labour Prime Minister; and third, between the 2016 European referendum and 2019 general election during Jeremy Corbyn's time as party leader. This historical narrative uses the theoretical approach of Harvard economist Dani Rodrik—of a 'trilemma' faced by national policy makers in response to globalisation—as a lens to describe a clear arc in Labour's policy towards the single market across the three case studies. A position of initial scepticism moved to support under Kinnock's leadership, and then active encouragement under Blair, before coming back again under Corbyn to uncomfortable non-commitment. This arc directly correlates with the ebb and flow of the party's overall economic approach—first the Keynesian, national Alternative Economic Strategy at the time of the party's 1983 general election defeat; then, the deviation under Blair to a policy that actively encouraged cross-border market liberalisation; and finally the return to an Alternative Economic Strategy-style approach under Corbyn.

**Keywords**: Labour Party, European Union, single market, Neil Kinnock, Tony Blair, Jeremy Corbyn

## Introduction

SINCE THE 2016 EU referendum, the Labour Party's view of the single market has been a significant part of its overall intentions for the UK's future economic relationship with Europe. The policy outlined in Labour's 2019 election manifesto—a first preference for 'close alignment with the Single Market' which can 'support UK businesses', but not the direct advocacy of remaining in the EU or European Economic Area—was not formed without internal disagreement.[1] In June 2017, Jeremy Corbyn lost three Shadow ministers after they and forty-six backbenchers within the 'Labour Campaign for the Single Market' group rebelled against a three-line whip, and instead called for market membership. Polling the same year suggested eight out of ten Labour members felt the same way.[2]

We should not be surprised that the single market has caused such disagreement within Labour. The 'four freedoms' the market guarantees—of capital, labour, goods and services across EU member states—make prominent, different points of view within the party on related policy issues. These include immigration, the role of the state in the national economy, and the degree to which government should work with or against international flows of capital.

Labour's disastrous 2019 election campaign is in the rear-view mirror, and the UK is heading for Brexit on Boris Johnson's terms. Before the coronavirus pandemic and Sir Keir Starmer's election as Corbyn's successor, the party leadership had called for a 'period of reflection'. One would expect that an important area for Labour's re-evaluation of its EU policy will be its view of the UK's relationship to the customs union and single market. An historical narrative of Labour's changing policy towards the single market can provide four decades' worth of useful context in this upcoming intra-party debate.

Accordingly, this article looks at three case studies of single market policy under three different Labour leaders—Neil Kinnock, Tony Blair and Jeremy Corbyn.

### *Using Dani Rodrik's 'trilemma' of globalisation*

Across the three case studies, this article uses a theoretical framework from Harvard economist Dani Rodrik, who writes of a 'trilemma' faced by national policy makers when they seek to respond to globalisation. He says that in the modern world, these decision makers are faced with a choice between the three points of this trilemma: increasing economic interdependence with other states ('economic globalisation'); maintaining national control of economic policy ('national sovereignty'); and maintaining the ability to reflect the domestic public's policy preferences ('democratic legitimacy'). He argues they have a choice of any two, but not all at once.[3] It is therefore a question of selecting a combination. As Andrew Gamble neatly summarises:

> In the first combination—economic interdependence and national sovereignty—authoritarian governments use their power to pursue economic interdependence and sacrifice democracy.
> Rodrik's second combination—economic interdependence and democratic legitimacy—is when national sovereignty and nation-states wither away to be replaced by cosmopolitan government.
> In the third combination—national sovereignty and democratic legitimacy—governments stay close to the wishes and interests of their citizens, and take steps to limit or even reverse economic interdependence.[4]

Although this trilemma is not undisputed among authors and academics, it is used consistently here because it provides a useful frame to think about the ebbs and flows of Labour's policy towards the single market over time. It does so primarily because the three points of the trilemma align with intra-Labour splits that are seen across all three case studies: between those who assign more importance to economic interdependence ('economic globalisation'), or in more public accountability in the economy ('democratic legitimacy'), or in ensuring national control over economic policy ('national sovereignty'). In short, the trilemma is a parsimonious mechanism which makes the complicated ideological composition of the Labour Party more accessible.

### *In summary*

This article finds that across each of the three case studies, Labour has sought to ensure that, with respect to the EU's single market, national sovereignty—that is, national powers over economic policy exercised by elites—has remained a consistent priority. What has changed across the time period is the other point of the 'trilemma' with which it has been paired. In the period from Kinnock to Blair, Labour shifted its single market policy from a position that prioritised national sovereignty and democracy (over globalisation) to one that prioritised economic globalisation and national sovereignty (over democracy). With Corbyn, we saw movement back in the other direction. As set out below, this arc of Labour's single market policy correlates with the ebb and flow of its overall economic strategy during the same period.

## Case study 1: embracing the 'social dimension' under Neil Kinnock

### *Post-1983: EuroKeynesanism and single market neutrality*

On assuming the Labour leadership in September 1983 after a heavy general election defeat the same year, Neil Kinnock inherited a party whose policy was that 'the European Economic Community … was never designed to suit us'.[5] It was one of the first things the new regime changed: Charles Clarke, Kinnock's chief of staff, recounts that after the 1983 election, 'the earliest [policy issue] that was dealt with was EU membership'.[6] Party conference votes in 1988 and 1989 eventually formalised Labour's shift to a pro-European position.

Labour took longer to move on economic strategy than it did on Europe. Kinnock may have accepted that 'Britain obviously remains a capitalist country with a society that is competitive without being meritocratic', but in the years immediately following 1983, the spirit of Labour's reflationary 'Alternative Economic Strategy' (AES) lived on.[7] The AES—described by Tony Benn as 'the most radical programme the party has prepared since 1945'—espoused Rodrik's combination of national sovereignty and democratic legitimacy. Comprised of reflation, public ownership, industrial democracy, economic planning, alongside price and import controls, it mixed both national fiscal stimulus and democratisation of the economy.

Even after the 1983 election, this sort of economic agenda remained in fashion among the party leadership: Kinnock's economic advisor, John Eatwell, still believed that his job remained to 'create a framework in which we can pursue Keynesian policies in a credible way as part of the overall project of an industrial policy'. Nor was French President Francois Mitterrand's failed attempt at 'socialism in one country' in the early 1980s a reason to change course. Eatwell says the lesson of Mitterrand's *dirigisme* was that it instead showed 'the danger of doing macroeconomics alone'.[8]

The issue was that an interventionist, 'socialism in one country' type of economic policy as contained within the AES could not easily be reconciled with Labour's increasing support for Britain's EEC membership, and the greater economic interdependence membership would bring. Common Market rules prevented state use of exchange controls to support the competitiveness of domestic manufacturing; and although Kinnock may have been leading the party to a pro-European position, he nonetheless criticised other EEC states' 'hostility to the use of [exchange] controls … which is now professed by those very countries which used such controls to launch their own industrial success stories'.[9] He felt European colleagues should be doing more to drive up employment: it was 'nothing short of outrageous, at a time when there are 15 million unemployed in the Common Market, that the leaders of Western Europe … still not produce a single proposal for the economic expansion which our country of Britain and our continent of Europe so desperately need'.[10]

To reconcile EC membership with Keynesianism and the pursuit of full employment as the 'guiding aim of [a Labour] government['s] policy'—and in effect, to maintain democratic legitimacy while EC membership threatened greater economic globalisation—Kinnock called for coordinated, cross-border reflation across European states. An idea given the name 'EuroKeynesianism', this can be traced back to Stuart Holland MP, a former advisor to Harold Wilson and left-wing Shadow economic minister in the late 1980s.[11] In line with the EuroKeynesian agenda, Kinnock's 1986 book *Making Our Way* sets out how such 'an employment strategy for Europe is desperately needed': what was required was coordinated fiscal expansion, recognition of different problems that individual countries faced, as well as 'clear rules of operation, so that gains and sacrifices are fairly distributed' across the EC.[12]

Labour's coming to terms with Britain's inclusion in the EC meant the party did not disapprove outright of the European Commission's proposal for a single market when it was announced as part of the 1986 Single European Act (SEA).[13] Eatwell has since stated that the various common standards agencies produced to support the market were 'rather liked' by the party; and on supply chains, 'the idea that this was a way of [Britain] again getting back into making commercial aircraft, my God this was wonderful!'[14] But on the other hand, nor was it clear that the market could work for EuroKeynesian ends. As a result, while the SEA was being negotiated, Labour's Europe spokesperson, George Robertson, said the plans for a single market were 'wholly irrelevant', and nothing more than 'institutional tinkering' that would not 'inspire confidence among the 4 million unemployed in this country, never mind the 10 million others out of work across the Community'.[15]

## *1987—a turning point for economic strategy*

Although Labour had been moving in a pro-European direction since 1983, it was

not until after the 1987 election loss that the party deviated from a purely Keynesian economic approach, to allow greater room for economic globalisation. The need for greater public *control* of industry and the economy was stressed by Labour's spokespeople, rather than public ownership outright. Private enterprise was talked about more favourably—the party accepted that 'modern government has a strategic role not to replace the market but to ensure that the market works properly'.[16] A wide internal coalition supported this shift: even Michael Meacher, who had stood against Roy Hattersley as the Labour left's candidate to be deputy leader in 1983, came to the view by 1987 that 'there was no socialist objection to the technical conception of a market', and that the 'taboo' over the market should be 'exorcised once and for all'.[17]

The single market was the nexus at which Labour's turn to Europe and acceptance of greater economic globalisation after 1987 intersected. It became an important priority. Speaking in early 1988, Kinnock said 'unemployment, north-south relations, the conservation and development of the environment, technological and scientific cooperation … The development of the so-called single European market by 1992 places these issues at the top of the British political agenda'.[18] As before the 1987 poll, Labour still felt 'the internal market would be a disaster' without a positive agenda to accompany the market liberalisation—but by the end of the 1980s the party was willing to find positive, European, solutions to potential problems the single market could create.[19] The Labour leader set out in April 1988 that 'our non-engagement would mean the unimpeded movement to the complete economic and political domination of Western Europe by market power … Leaving the European field to that is no more acceptable than leaving Britain to permanent Thatcherism'.[20]

## *The 'social dimension' as a remedy for single market membership*

Although Kinnock accepted more economic globalisation through the single market, the way in which Labour sought to mitigate its negative effects—in partnership with European colleagues—was through campaigning for cross-border social and environmental policies. At the same time, they lobbied for measures that would ensure the delivery of such policies, in particular qualified majority voting and the removal of member states' veto power. There was a political motive for Labour to do so: Gallup polling at the time showed 55 per cent of British people saw membership of the EC as a 'good thing'; and while Margaret Thatcher was openly hostile to this sort of European legislation, as Kinnock later recalled, Labour could use this 'social dimension' to position itself as the 'better Europeans'.[21]

The speech of European Commission President, Jacques Delors, at the TUC's 1988 conference in Bournemouth, is often pointed to as the turning point when Labour began its positive engagement with the 'Social Europe' agenda. In an address covered by the UK's major television networks in prime time, Delors described the single market programme as a 'peaceful revolution in which we all must participate' and said the accompanying 'social dimension' would be its 'vital element'.[22] This was certainly an important call to action—Charles Clarke says it 'was a completely decisive moment in terms of the British labour movement and the European question in general'—yet the ideas expressed by Delors were already on Labour's radar.[23] Kinnock had already said publicly in April that year that alongside the single market, action was needed to prevent 'neglect or abuse of the environment', alongside enhanced workers' rights and protections for retired people.[24] The chronology tells us instead that, as Eatwell recounts, it was more the case that Delors gave Labour a push at the right time:

> Kinnock wanted to change the policy towards a more pro-European stance, and Delors came along and … made it easier. So, it wasn't that Delors fired it off, then the trade unions came along, then the party changed the position. I think there was a combination of things happening, that were deemed at the time to be fortuitous, happening at the same time.[25]

Regardless of who initially instigated Labour's change of tack, the commitment to implementing a 'Social Programme … to ensure the benefits of the unified market are shared by all people in the EC'—not only for the 'benefit [of] the business community'—was established by members' vote at the October 1988 party conference.[26] By the 1992 election, Labour had committed to opt in to the new Social Chapter—claiming that by doing so, it would 'promote Britain out of the European second division into which our country has been relegated by the Tories' and ensure … so that the British people can benefit from European safeguards' and 'poorer countries are not disadvantaged as a result of the Single Market'.[27]

In committing to this policy in its 1992 manifesto, Labour sealed the transformation of both its European and economic strategies that took place over the duration of Kinnock's leadership: euroscepticism had turned to acceptance, at the very least, of EC membership; the selection of Rodrik's combination of national sovereignty and democratic legitimacy had increasingly become a preference for that of national sovereignty and economic globalisation.

## Case study 2: Tony Blair, globalisation and the A8 accession

### *Britain's most pro-European Prime Minister?*

It is often said about New Labour's foreign policy that Tony Blair was 'the most instinctively pro-European Prime Minister since Ted Heath'.[28] Blair himself has not shied away from this image, whether through his public advocacy of a second Brexit referendum, or in his memoirs and speeches, where he has said that throughout the 1980s he 'helped change our policy … [and] was proud of that change', because 'I believe in Europe as a political project'.[29] In government, this rhetoric was accompanied by action: Labour MPs from the time commented that 'we were totally isolated [in Europe] under the Conservatives … now we are seen as a team player, much more involved'.[30]

### *Globalisation as 'irreversible and irresistible'*

New Labour's desire to communicate and demonstrate economic responsibility has—it will not surprise the reader to note—been fiercely debated for at least two decades. It was nonetheless a key focus of the party's pitch to voters. The 1997 manifesto committed Labour to be 'wise spenders, not big spenders. We will work in partnership with the private sector to achieve our goals … because efficiency and value for money are central, ministers will be required to save before they spend'.[31]

During Kinnock's leadership, particularly after the 1987 election, Labour increasingly came to support cross-border economic globalisation. The effect of Blair's 'modernisation' was to take this support to a new level. As the Prime Minister told the 1998 World Trade Organisation conference, globalisation was not only welcomed; it was 'irreversible and irresistible'.[32] He added at the 2005 Labour conference: 'I hear people say we have to stop and debate globalisation. You might as well debate whether autumn should follow summer'.[33]

Financial liberalisation—previously criticised within the party as the 'relentless pursuit of profits for the minority'—now became an important priority.[34] Blair's EU advisor, Roger Liddle, would later recall that 'we gave a big push to' financial liberalisation in Europe, and 'we tried to avoid' cross-border regulation of financial services.[35] Support for this sort of economic globalisation marks a clear divergence from previous pillars of Labour economic strategy, notably public ownership—and therefore democratic legitimacy. One Labour MP was reported at the time to have said that after 1992 'the party was pretty well willing to give Blair a blank cheque and saying "win us power, we're fed up with being battered, get us back to power". And he delivered'.[36]

As an active advocate of both the EU and cross-border economic liberalisation, Blair sought to capture the benefits of the free flow of capital, goods, services and people within the single market to achieve British and social democratic interests. For the Prime Minister, it was to be celebrated that

Britain had 'enjoyed rising prosperity based on open markets and fair competition' between European partners.[37] Liddle recalls that the 'City of London becoming the financial capital of the single market … was very good' because of the 'investment in public services that was facilitated'. With economic growth, 'the Labour government then distributed [its benefits] in a fair way. And that was the political economy under which New Labour operated'.[38]

Even support for the Social Chapter, hailed by Kinnock as a game-changing accompaniment to the single market, was constrained where it rubbed up against competing demands of European economic interdependence. Although Blair signed the Chapter within the first week of his administration in 1997, once it became law he told fellow EU leaders that he would guard against several future European Directives because 'I don't believe there is any appetite in the rest of Europe to have great rafts of additional legislation' of this sort.[39] Liddle says this was about keeping business on side: Blair felt that if his government went any further than accepting policies such as the national minimum wage, new laws on trade union recognition and the Working Time Directive, 'we would be endangering our relationship with business. And that was pretty fundamental to his and Gordon's politics'.

## *The A8 enlargement with zero-year transitional controls—a political move with economic benefits*

The Blair government's strong support for the EU single market was expressed clearly in its decision not to impose seven-year transitional controls on migration from eight former communist states (the 'A8') at the time of the EU's 2004 enlargement. While enlargement had been a consistent British foreign policy goal since Margaret Thatcher's time in office, key actors in Blair's administration talk primarily about a political motive. Sir Stephen Wall, Permanent Representative to the EU in Blair's first term, said at the time that 'the primary argument was the political one—this was the right thing to do'.[40] Charles Clarke, Home Secretary between 2004 and 2007, says this was politically permissible at home because 'in 2004 immigration was not a major issue … this issue of so-called Polish plumbers then got built up following that'.[41] The PM was even prepared to endure a £1 billion cut in the British rebate each year to secure the A8's entry.[42]

Support for this enlargement may have primarily been political, but the decision not to impose seven-year transitional controls on entrants from the A8 was nonetheless in line with New Labour's prioritisation of economic globalisation, and British macroeconomic strategy of the preceding decade. As Gamble describes, these encouraged the export of services, especially financial services, alongside flexible labour markets that supported the development of a low wage economy and the recruitment of large numbers of migrant workers.[43] The Blair government knew the value of migration into the UK in this overall economic picture, including through the EU single market. As immigration minister, Barbara Roche, told an audience in the City of London in 2000, while 'we crack down where necessary on misuse, we must not lose sight of the bigger picture … the evidence shows that economically-driven migration can bring substantial overall benefits both for growth and the economy'.[44] In a 2005 White Paper, the government stated 'we would be poorer in every way without [immigrants] … visitors from outside the EU spend over £6 billion a year' in the UK, while 'those from within the EU billions more'.[45]

## *Politically 'managing' immigration while maintaining support for the free movement of labour*

The reader will note that the resulting increase in migration from Eastern Europe after 2004 became much politicised. A government survey of public attitudes undertaken in 2013 found that 77 per cent of British people wanted immigration to be reduced, with 56 per cent saying this reduction should be by 'a lot'.[46] Using Rodrik's terms, one could suggest that Labour responded by pivoting towards democratic legitimacy: the government introduced

measures intended to mitigate immigration's political salience, and to reassure the public that it was being controlled. Clarke recalls that soon after the A8 accession, 'Tony and I decided it was the single most important thing for us to address going into … the 2005 election'. Accordingly, Clarke says that the government's 2005 White Paper on this topic set out 'a strategy for dealing with migration': it comprised a points-based system and a process which defined 'who is entitled to come' alongside criteria for migrants entering the UK, and how they were to be 'properly enforced'.[47]

However, the Labour government's commitment to free movement of labour through the single market—reflecting its prioritisation of economic globalisation—meant that, in practice, it would only go so far to limit arrivals from A8 states. The gains from interdependence were valued above the increasing salience of immigration—as Blair stressed during the 2005 election campaign, 'we have nothing to fear from legal immigration, and the issue is whether we are attracting as many of the highest value immigrants as we can'.[48] Liddle recounts that 'as long as we were basically committed to a liberalised labour market [vis-à-vis the EU]—what the left would call neoliberal—we weren't going to be able to introduce special measures that applied to immigrants'.[49] Jacqui Smith, a minister in several departments and Clarke's successor as Home Secretary, recalls the reasoning: 'I can remember seeing Treasury papers that said if we limit migration we will reduce our [economic] growth'.[50]

This is not to say domestic politics was never a factor. Indeed, the government took the opportunity to impose seven-year transitional controls when Bulgaria and Romania joined the EU in 2007. But rather than significant policy change, government communications were an important remedy after the initial A8 accession. This strategy was essentially to change the subject: the Prime Minister reportedly instructed colleagues: 'Don't mention the advantages of immigration in public'.[51] Rupert Murdoch and his media empire are often identified as a key domestic audience. As close advisor Liddle concedes, 'I do think [Blair and Brown] were scared of *The Sun*'.[52]

## Case study 3: Returning to 'socialism in one country' under Jeremy Corbyn

### *A Remain membership, a eurosceptic leadership*

While Labour had consistently been pro-European since Kinnock's era, historically Jeremy Corbyn's personal opinions about the UK's EU membership have not aligned with that of the majority in his party. As a trade union and Labour activist, he voted for Britain to leave the EEC in 1975.[53] During his successful 2015 leadership campaign, he said he 'wouldn't rule out' campaigning for Leave.[54] A record of eurosceptic instinct is shared within Corbyn's inner circle: a senior former member of the Shadow Cabinet adds 'there are those around the leadership who have very, very strong views, who are themselves committed Lexiteers. One can't ignore that fact'.[55]

The Labour Party's europhilia, and Corbyn's personal euroscepticism, were rolled together into a 'Remain and Reform' compromise pitch to voters during the 2016 referendum. This allowed room for the leader to express his long-held concerns over Britain's EU membership. In his first speech of the campaign, Corbyn said that the UK should remain in the EU 'warts and all'.[56] With only a few weeks to go until polling day he said on Channel 4, at prime time, that his passion for EU membership was 'seven, or seven-and-a-half' out of ten.[57] Accounts of several party officials recount how 'by and large the Leader's Office never turned up' to campaign meetings.[58] Harry Burns, a Labour regional director during the referendum and head of elections for the 2017 general election, adds that the leader's office cut key pro-European lines out of speeches, and the man himself instead preferred to talk to crowds of supporters about domestic issues such as homelessness and austerity.[59]

### *Leaving the single market—less about free movement of labour for Corbyn, more about capital*

Since the vote to leave the EU in June 2016, Labour has not officially supported a

Remain stance as first priority, nor the UK's continued single market membership. At the 2017 general election, the party's manifesto included a vague pledge to 'accept the referendum result' and 'put the national interest first', while prioritising 'jobs and living standards, build[ing] a close new relationship with the EU' and 'protect[ing] workers' rights and environment standards'.[60] As agreed by a members' vote at the 2019 party conference, the policy for the most recent election remained 'close alignment with the Single Market', but not Britain's inclusion.[61]

While some, such as Gareth Evans and Anand Menon, saw this nuanced policy as 'Brexit blurrism', others see it as the product of domestic politics.[62] Former Shadow Foreign Secretary, Hilary Benn, in seeking to maintain a coalition of both Leave and Remain voters sufficient to win a general election, noted that 'the party leadership had been thinking, "How do we straddle those two positions?", which is not an unworthy objective in itself'.[63]

As it walked that tightrope to try and retain both Leave and Remain support, for over a year after the 2016 referendum the Labour leadership pointed to one of the single market's 'four freedoms'—the free movement of labour—to justify why it could not support the UK's staying within the single market. In his first public statement after the vote, Corbyn said 'it's clear ... immigration is a crucial issue for a lot of people, and played a central role in the EU referendum campaign'.[64] Shadow International Trade Secretary, Barry Gardiner, wrote in July 2017 that Labour should not support staying in the European Economic Area, because 'Brexit arose from key political, rather than trade, objectives: to have control over our borders, to have sovereignty over our laws'.[65]

Having identified public concerns about immigration, one might therefore assume that Labour's policy to leave the single market was proposed as a direct response, consistent with the 'democratic legitimacy' element of Rodrik's trilemma. Indeed, a member of Corbyn's staff told *Politico* in September 2016 that Labour supported 'access' to the single market for goods and services after Brexit, rather than full membership because—referring to the market's 'four freedoms'—'there are aspects of that which Jeremy campaigned against in the referendum campaign'.[66]

However, it is not the case that Corbyn personally opposed the free movement of labour, nor sought to take the UK out of the single market on this basis alone. Instead, there is much evidence to show he has been a consistent supporter. For instance, once Cameron's renegotiated deal with the EU was announced in April 2016, the Labour leader came out against the 'emergency brake' on benefits to EU citizens that the Prime Minister had secured—what Hilary Benn would call 'electoral suicide', since Labour voters were perceived to be most affected by wage pressures from immigration.[67] During the referendum campaign Corbyn talked about how free movement of labour had 'created opportunities for British people' living on the continent.[68] Referring to EU migration during the 2019 campaign, he said he had 'made my case very clear about the value of migration to our society, about the stability of people living in our society'.[69] Former Labour official, Harry Burns, says 'Jeremy genuinely really believed that the only good thing about Europe was freedom of movement [for labour]'.[70] This is not to say Corbyn was a minority in his party for supporting this particular aspect of economic globalisation: at Labour's 2019 party conference members voted to 'maintain and extend free movement rights' within the EU after Brexit.[71]

Rather than the free movement of labour, Corbyn's personal opposition to other areas of European economic globalisation—the free movement of capital, and the EU's institutional controls on national state aid—better justify the party leader's preference for leaving the single market after Brexit. He was consistent on this point, both before and after the 2016 referendum. In his first speech of the campaign, Corbyn called for changes in EU legislation that pressures governments 'to deregulate or privatise public services'; shortly before polling day he said the type of free movement which most concerned him was 'free movement of money abroad to dodge the taxes that fund our public services, [and] the free movement of our country's wealth and corporate profits into tax

havens'.[72] In September 2016, he said 'there are directives and obligations linked to the single market, such as state aid rules and requirements to liberalise and privatise public services, which we would not want to see as part of a post-Brexit relationship'.[73] In 2018, he added 'I don't want to be told by somebody else that we can't use state aid in order to be able to develop industry in this country'.[74]

Kinnock and Blair had increasingly come to accept and favour economic interdependence in Europe through the single market's 'four freedoms'. But Corbyn's unusual preference for some (not all) of these freedoms—a liberal immigration policy, but a position outside of EU state aid requirements and the free movement of capital—shows how he sought to adopt features consistent with both Rodrik's combinations of national sovereignty with economic globalisation, and national sovereignty with democratic legitimacy. In mixing parts of these two combinations, Corbyn selected an economic strategy which appeared neither to enjoy public support—a YouGov poll before the 2019 election showed 63 per cent thought Labour's economic policies undeliverable—nor was in the best position to reap the full benefits of globalisation.

### *Corbyn's 'Bennite' economic strategy*

Corbyn's incorporation of greater democratic legitimacy into economic policy stems from his decades-old advocacy of 'Bennite' economics. Named after his friend and political mentor, Tony Benn, this was the basis of the AES that preceded Kinnock's tenure—the agenda for reflation, public ownership and economic planning described above.

Over three decades after the AES, now as Labour's leader, Corbyn looked to shift the party back in its direction. Speaking six months after the Brexit vote, the Labour leader said his main priority was to 'borrow to invest … at historically low interest rates … to generate far greater returns' and increase employment.[75] The 2017 and 2019 general election manifestos included nationally-led, reflationary policies in the style of the 1983 blueprint: examples include a £500 billion National Investment Bank alongside an accompanying network of regional banks, and the bringing of 'rail, mail, water and energy into public ownership to end the great privatisation rip-off'.[76] Using Rodrik's terms directly, Jonathan Rutherford—a member of the independent inquiry into why Labour lost in 2017—says the combination of prioritising national sovereignty and democratic legitimacy was 'implicit in Labour's 2017 manifesto. The trade-off is the market economy and it is the option favoured by Labour's eurosceptic hard-left faction, whose policies of increasing nationalised ownership offer a form of state socialism in one country'.[77]

## Conclusion

This narrative, covering key moments in Labour's policy towards the EU single market over the past four decades, has described a clear arc. The party's initial scepticism towards the market became support during Kinnock's leadership, and then active encouragement under Blair, before returning again with Corbyn to uncomfortable non-commitment.

This path complements the shift of Labour's economic policy over the same period. Starting with the AES's focus on investment in national production and manufacturing, over the tenures of Kinnock and Blair, Labour accepted—and then embraced—the role of the market in the British economy, while at the same time it sought to harness the tax dividends of greater economic liberalisation to fund more public services. Under Corbyn we saw this trend reversed.

This arc of Labour's single market policy is formed by different calculations each Labour leader made in response to Dani Rodrik's 'trilemma'—the forced choice between national sovereignty, democratic legitimacy and economic globalisation. While across the three case studies each leader has prioritised national sovereignty—taken to mean national power over economic policy exercised by elites—what has changed has been the other point in the trilemma with which it has been paired. First, during Kinnock's leadership, the benefits of economic globalisation became increasingly valued over democratic legitimacy, as the party eventually moved to accept less public

ownership in the domestic economy. At the apex of the arc, Blair made a clearer and more consistent selection in favour of economic globalisation, as financial liberalisation was embraced and cross-border 'Social Europe' legislation limited where it could impact economic growth. Finally, in pursuing a 'Bennite' economic strategy, Corbyn paid more attention than his predecessors to democratic legitimacy, at a cost to economic globalisation. But he supported some of the 'four freedoms' more than others, championing the free movement of labour, while denouncing the free movement of capital.

By thinking about the history of Labour's approach to the EU single market in terms of Rodrik's trilemma—of trade-offs between combinations of economic globalisation, national sovereignty and democratic legitimacy—it is easier to understand the calculation that the party will need to make when taking future policy decisions on this issue; and which point of the 'trilemma' would be sacrificed for a move in a certain direction. This can only be helpful during the debates to come within Labour about what it wants the UK's post-Brexit relationship with the EU to look like.

## Notes

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